



November 6, 2018

Mark Trogon, Fiscal Research Division
North Carolina General Assembly
Legislative Office Building
300 N. Salisbury Street, Suite 619
Raleigh, North Carolina 27603-5925

Mr. Trogon:

Re: Proposed Financing for construction of a new Public Works Facility in the amount of \$2,300,000

The Town of Knightdale intends to file an application with the Local Government Commission for approval of an installment financing agreement authorized by North Carolina General Statute 160A-20. The loan application will be for a bank qualified installment purchase agreement of \$2,300,000 to finance the construction of a new Public Works Facility on Bozeman Drive in Knightdale to include site work, the main public works building construction, a secondary storage facility, a generator, push pad, fencing and gates. The land for the site was purchased separately in December 2017 at a cost of \$416,766.

The Town made the decision to use the design build method of construction and a RFQ was released in September 2017 with responses due the following month. The Town received four qualified responses. Our Town Council awarded the contract to BlueScope Construction, Inc at the November 15, 2018 meeting. At that same meeting our Town Council approved a Public Works Facility Capital Project Ordinance with a budget of \$425,000 for land acquisition and \$1,500,000 for construction with \$425,000 funded from Capital Reserve Fund reserve funds and the remaining \$1,500,000 from the issuance of debt. A resolution to reimburse was also approved at that time.

At their February 21, 2018 meeting our Town Council approved removing site work from the original scope and utilizing Town staff to perform contract administration for site work and utilities. The Town entered into a contract with BlueScope Construction, Inc dated April 26, 2018 for the construction of the new public works facility, excluding the site work, at a cost of \$1,481,972. An RFP for the site work was released in August 2018 with responses due the following month. The Town received three qualified bids. Our Town Council awarded the contract to Gaines & Company at its September 19, 2018 meeting. The Town entered into a contract with Gaines and Company, Inc. on October 1, 2018 in the amount of \$458,401. The original project ordinance was amended at the September 19, 2018 Knightdale Town Council meeting to increase funding by \$800,000 with \$425,000 from Capital Reserve Fund reserves for land acquisition and the remaining \$2,300,000 from the issuance of debt. Contracted costs to date total \$1,940,373. The total amount budgeted for the construction is \$2,300,000. The Town anticipates incurring additional costs for a secondary storage structure (\$195,150), backup generator, t-switch, and push pad (\$90,470), fencing and gates (\$44,400), geotech engineering services (\$15,000), and miscellaneous contingency funds (\$14,607).

The Town plans to borrow \$2,300,000 over ten years at an estimated interest rate of 3.5%. Proposals for funding have been sent to eleven financial institutions with responses due by November 9, 2018 for a public hearing and our Town Council approval of the financing contract at their November 20, 2018 meeting. Advertisement of the public hearing is scheduled for November 9, 2018 and again on November 16, 2018. It is the Town's desire to be placed on the Local Government Commission's January meeting agenda with the financing contract executed by February 9, 2019.

If you need any additional information please contact me at (919)-217-2210 or by email at kim.kenny@knightdalenc.gov.

Sincerely,

A handwritten signature in dark ink, appearing to read "Kimberly Kenny", written in a cursive style.

Kimberly Kenny
Finance Officer